

City of Tucson

Comprehensive Economic Development Strategy and Implementation Plan

2022 – 2026

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OFFICE OF ECONOMIC INITIATIVES

**Tucson's bold, inviting,
and distinctive culture inspires
creativity, ignites discovery,
and fosters enduring
economic vitality.**



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Executive Summary

With its unparalleled destination assets, livability, strong anchor institution in the University of Arizona, and growing reputation as an ideal location for investment, Tucson is among the best cities in America. The city is ready for an economic development plan that embraces its multicultural heritage, advances equitable economic prosperity, and invests in the future.

KEY INSIGHTS

Tucson is diverse.

Tucson has a large Hispanic population, and a higher concentration of communities of color in the city than in the metropolitan area.

Tucson is growing at a modest rate.

Both the city and the metropolitan area are growing at a rate that is comparable to the national average but less than half the state's growth rate.

Tucson is skilled.

The city is home to strong post-secondary educational institutions.

Tucson is closing the wage gap.

The wage gap in both the city and the metropolitan area is lower than the national average.

Tucson offers an exceptional quality of life.

Tucson boasts an excellent walkable and bikeable environment as well as an abundance of tourism amenities and experiences.

SEVEN TARGET INDUSTRIES OFFER A STRONG FOUNDATION FOR TUCSON'S ECONOMIC DEVELOPMENT STRATEGY:

Aerospace and Defense

This cluster is a strong pillar of the Tucson economy; the clear blue skies and dry climate make it an excellent choice for related businesses. The share of employment in the Aerospace and Defense cluster is almost eight times the national average. Pima Community College operates the largest Aviation Technology program in the American Southwest and multiple programs at the Center of Excellence in Applied Technology to support this sector.

Photonics and Optics

Tucson's Photonics and Optics cluster is a key enabler of many industries, most notably, Aerospace and Defense. The cluster has strong assets in the University of Arizona's Tech Park, the Steward Observatory, and Optics Valley. The share of employment in the cluster is more than three times the national average, and employment in the cluster grew by 35% in the past five years.

Transportation and Logistics

Tucson is a natural transportation hub because of its strategic location near the Mexican border and its proximity to Phoenix and California. Tucson also has excellent infrastructure, which is a strong asset for this cluster. In the past five years, employment grew by 172%, making Transportation and Logistics Tucson's fastest-growing cluster. Pima Community College supports this sector through its nationally recognized Transportation and Logistic programs as part of the Pacific Southwest Region University Transportation Center.

Business Services

Tucson has competitive advantages in this cluster due to its high diversity and strategic location. Business Services is Tucson's largest cluster in terms of employment and GRP.

Renewable Energy and Natural Resources

Tucson's favorable climate makes it an excellent destination for solar energy activities. The city is also a strong technological hub, with assets such as the University of Arizona Tech Park and Arizona Research Institute for Solar Energy (AzRISE).

IT Services and Software

Tucson's IT Services and Software cluster is a growing and productive business sector and includes assets such as the Pima Community College IT/Cybersecurity Center of Excellence, which hosts the nation's first postsecondary live-fire Cyber-warfare range. This sector has the second-highest share of the city's educated workers.

Bioscience

Tucson has a strong reputation in medical innovation and is particularly strong in nanotechnology. The Bioscience cluster is supported by academic and technical life sciences programs at the University of Arizona, solid regional commitment, and strong funding support. This cluster has the highest share of educated workers.



THE RETAIL ASSESSMENT HAS INFORMED THE TUCSON ECONOMIC DEVELOPMENT STRATEGY THROUGH THE FOLLOWING KEY FINDINGS:

Tucson is a regional hub for retail.

Tucson residents are well-served by a regional retail hub that attracts expenditures from across the region and beyond, particularly for higher-order goods such as automobiles and electronics and experiences such as dining and entertainment.

Tucson has a strong sales inflow.

Tucson accounts for just 52% of the metro population and 41% of consumer expenditures, yet it draws in more than two-thirds of regional retail sales, indicating a strong sales inflow from surrounding municipalities.

Tucson has robust regional nodes.

Tucson's regional malls and power centers occupy a small percentage of land use but account for roughly 50% of taxable retail sales.

Tucson is experiencing challenges to conventional retail.

National trends in retailing can be observed across Tucson's urban landscape, with many national chains downsizing operations.

ASSESSING THE FOREIGN DIRECT INVESTMENT LANDSCAPE OF TUCSON HAS HIGHLIGHTED THE FOLLOWING:

Tucson is experiencing slow growth in Foreign-Owned Enterprises.

Tucson is home to 504 Foreign-Owned Enterprises, and that number increased by only 33% in the last 10 years.

Tucson's key origin markets for foreign investment are Canada, Japan, U.K., France, and Mexico.

Combined, these markets represent more than 70% of both Foreign-Owned Enterprises and employees.

Tucson's Foreign-Owned Enterprises pay higher wages.

FOEs pay Tucson employees a third-higher wage than their domestic counterparts.

Tucson's Foreign-Owned Enterprises are a major employer.

Combined, Tucson's Foreign-Owned Enterprises employ approximately 7,000 Tucsonans.

TUCSON'S ECONOMIC DEVELOPMENT STRATEGY HAS FIVE GOALS:

- 1. Grow Tucson's existing and small businesses to foster economic resiliency.**
- 2. Attract investment to diversify Tucson's economy.**
- 3. Bolster Tucson's entrepreneurial ecosystem.**
- 4. Support economic mobility and wealth creation for all Tucsonans.**
- 5. Enhance Tucson's brand for investment, capital, and talent.**

Economic Development Strategy

An economic development strategy must evolve with ever changing economic conditions and respond to new opportunities and challenges as they arise. But such a strategy cannot be strictly reactive. Rather, this flexibility and resilience must be anchored by a solid set of core values and principles that guide economic development efforts of the long term.

Tucson is committed to equity, and this strategy was developed with that in mind. An equity strategy addresses the needs of people based on their life and historical context. Equity in economic development is achieved when economic advancement for everyone is fair and impartial.

Pursuing equity via economic development will require Tucson's partners and organizations to collaborate on common goals. While a comprehensive list of partners has been developed, Tucson is continuously building new partnerships to advance the economic development priorities and actions for the city. Key stakeholders, both public and private, must come together to establish the city's vision, values, opportunities, and objectives. Then, they must develop a toolkit that enables the city to both identify and act upon new opportunities as they arise.

These clearly defined goals, objectives, and tactics will enable stakeholders to begin work in their respective roles. While they may appear to be minor on their own, individual actions—when executed within the broader economic development strategies—will synergize to create a prosperous future for Tucson.

Each year, this document—which reflects the economic development priorities of Tucson's current city council and mayor—should be examined to determine where progress is being made and which areas are deficient. As a five-year strategy, the document should be updated to reflect the city's growth and the rapid pace of change in the economy.

The following plan utilizes best practices in economic development to lay out the guiding principles for this analysis. The plan presents five broad goals, each with specific evidence to support its importance and key priorities. Appendix F lays out an implementation plan that includes suggested action items, key partners, and metrics.





Vision

Tucson's bold, inviting, and distinctive culture inspires creativity, ignites discovery, and fosters enduring economic vitality.

Values

Tucson has the following values:



AN INCLUSIVE ECONOMY THAT WORKS FOR EVERYONE

Tucson advances equitable economic prosperity and mobility for all: every Tucsonan deserves an equal opportunity to attain mobility and economic prosperity. Equitable communities are more resilient in the long term.



A LIVING LABORATORY

Tucson embraces change that is people-first, climate-focused, and future-defining. The past informs the future but does not define it. Tucson embraces the opportunity to develop a green economy, supporting emerging and established industries toward a more sustainable future.



ROBUST ENTREPRENEURSHIP AND INNOVATION

Tucson invests in entrepreneurs who solve tomorrow's challenges and represent the best of the city's culture. It is a city of ideas that can change the direction of industry without losing sight of the small businesses and entrepreneurs that represent Tucson's heritage. These are the businesses that bring Tucson to life—the soul of the city.



PRIDE OF PLACE

Tucson celebrates its multicultural heritage, arts, and culture and welcomes growth that is balanced and sustainable. Tucson is a city that proudly embraces its people through cultural celebrations and activism. It is a UNESCO designated City of Gastronomy: locally sourced foods display the culture and long agricultural history native to the land. This pride of place can be leveraged for future growth.





Guiding Principles

Six guiding principles serve as a framework to structure the development and implementation of the strategy:

1.

EXISTING BUSINESSES FIRST

Supporting Tucson's major employers and clusters is where the strategy must begin, but it must bolster small businesses, too. Expanding businesses of all sizes will have the most significant impact on growing Tucson's economic base. Tucson's unique approach to assisting small businesses is rooted in its desire to make meaningful connections utilizing in-person strategies and multilingual support.

2.

CLUSTER-DRIVEN

Industry clustering drives the competitiveness and innovation that lead to economic growth. Years of economics research have revealed the importance of building on the strengths of industry clusters to promote economic diversification and growth. Tucson must draw on each cluster's existing assets to meet its industry needs with a strategy that promotes workforce training, access to financing, infrastructure development, and streamlined government regulations.

3.

SUPPORT ENTREPRENEURSHIP

Tucson must foster and support small business and start-up ecosystems across a variety of sectors. New businesses benefit economic development by capitalizing on emerging economic opportunities while also absorbing the workforce of firms that are declining. Tucson must continue to embrace its local, independently-owned shops, enabling them to not just survive but also to thrive.

5.

EQUITABLE APPROACH

Tucson must ensure that all economic development efforts promote equity. An equity strategy addresses people's needs based on their life and historical context. Tucson's economic development initiatives must balance job creation with the city's ethos and values.

4.

PARTNER ENGAGEMENT

Tucson must collaborate with new and existing partners to achieve its economic development goals. Developing and maintaining strong relationships with identified private-sector and anchor partners is key. Continuously creating new partnerships will help ensure Tucson's long-term economic vision.

6.

DEVELOPMENT THAT IS SUSTAINABLE

Tucson must advance initiatives that synthesize economic success with sustainability and livability. This economic development strategy works in concert with the City's other plans – Plan Tucson, People, Communities, and Homes Plan (P-CHIP), Move Tucson, Climate Action Plan, EV Readiness Plan, and others to ensure quality of life for all Tucsonans.





GOAL 1

Grow Tucson's Existing and Small Businesses to Foster Economic Resiliency.

The future is unknown, and economic challenges are often unforeseeable. Recent events—from the pandemic to the rising call for social justice—demonstrate how important it is for cities to build equitable communities and establish resilient economies. Tucson's economic development strategy must include diverse, high-growth sectors that, along with companies and governments, are able to quickly adapt and change course.

Tucson's established clusters provide a solid foundation for this strategy: Aerospace and Defense, Photonics and Optics, Transportation and Logistics, Business Services, Renewable Energy and Natural Resources, IT Services and Software, and Bioscience provide jobs across the income and education spectrums. Within each sector are the large employers that anchor the economy and the many small businesses that contribute to innovation and the life of the community. Growing businesses of all shapes and sizes promote wealth creation and upward mobility. Sector strategy favors not a specific firm or sub-sector but rather the business ecosystem. The result: a more competitive and dynamic local economy.

The Evidence

Tucson’s cluster strategy—for expansion as well as retention—should be centered on seven sectors:

Aerospace and Defense

- This cluster has an employment share that’s eight times the national average, and it has the highest earnings per worker. The Aerospace and Defense cluster has the second-highest concentration of Foreign-Owned Enterprises among its peers.

Photonics and Optics

- The Photonics and Optics cluster has an employment share that is more than three times the national average. It is an enabler for Aerospace and Defense, microelectronics, medical instrumentation, nanotechnology, and advanced manufacturing. Tucson is one of the very few locations in the U.S. with a strong Photonics cluster.

Transportation and Logistics

- With 172% growth since 2015, Transportation and Logistics is the fastest-growing cluster, more than double the state growth rate. This cluster boasts the highest share of people of color (59%). And it has the lowest share of jobs at risk of automation (4%), making it the most sustainable employment cluster.



Business Services

- In terms of employment, Business Services is Tucson’s largest cluster. It generates the highest Gross Regional Product (GRP) among all clusters (\$3.3 billion annually).

Renewable Energy and Natural Resources

- This cluster drives the battle against climate change and biodiversity loss. In Tucson, Renewable Energy and Natural Resources has the fourth-highest concentration of Foreign-Owned Enterprises among peers.

IT Services and Software

- The IT Services and Software cluster is Tucson’s strongest in terms of worker productivity (\$209,000 per worker).

Bioscience

- Bioscience has the most highly educated workforce among all clusters. More than 70% have a bachelor’s degree or higher.

Tucson’s micro businesses (those with 5 or fewer employees) account for 51% of the metro area’s businesses. While they contribute significantly to the unique experience, character, and livability of Tucson, they are vulnerable to shocks.

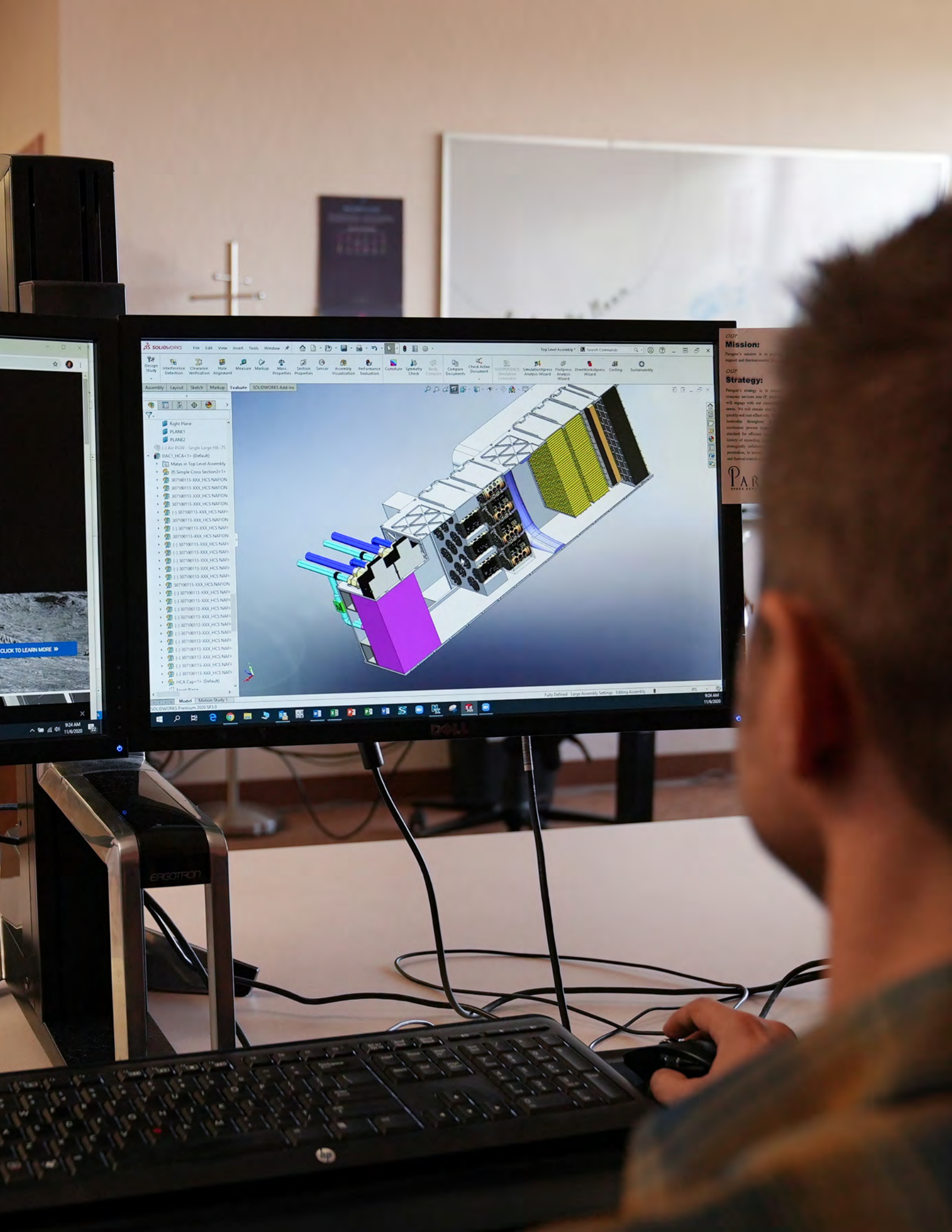
Tucson’s retail businesses represent 15% of the metro area’s businesses. This share is 13% on the state level and 14% on the national level.

Evaluation Metrics

The following metrics should be tracked to assess impact:

- **Entrepreneurs and Businesses Assisted**—counting the number of businesses and entrepreneurs that participate in the various business support programs offered by the City of Tucson and its partners
- **Businesses Visited**—tracking the number of employers visited by Tucson’s Economic Initiatives team





PRIORITY 1.1

Implement a formal business retention and expansion program around Tucson's clusters.

Tucson will support existing businesses with a cluster-focused business retention and expansion program. At the same time, it will attract new businesses with a value proposition that demonstrates the city's economic competitiveness. Roundtable discussions will include major existing employers and policy makers to inform how the city interacts with businesses in the community. Together, these players will develop strategies and initiatives that promote and track cluster growth and engagement.

ACTIONS

- Convene bi-annual gatherings between cluster working groups and economic development partners to identify ongoing and changing needs.
- Interview at least 24 major employers annually via a formal visitation plan for Tucson's businesses.
- Host quarterly breakfast networking sessions with CEOs of key businesses in the city.
- Use systematic engagement to identify opportunities, report challenges, and review key findings.
- Support initiatives that increase employer-driven workforce development, such as through the Pima Community College Centers of Excellence.
- Analyze current barriers for expansion opportunities as it relates to modernizing and streamlining the permitting processes and any existing regulatory barriers.
- Support initiatives that increase access to traditional and nontraditional capital such as strengthening the community finance sector organizations, supporting the development of innovative and equitable financial programs, loan funds, and supporting initiatives that activate local and national investment in existing businesses.

Partners include Sun Corridor, Pima County Economic Development, Tucson Metro Chamber of Commerce, the Tucson Industrial Development Authority, Pima Community College Centers of Excellence, and the Arizona Commerce Authority. The city should continuously seek out and develop new partnerships.

PRIORITY 1.2

Provide resources to Tucson’s small, multicultural, retail, and tourism-driven businesses.

Tucson’s small businesses bring life and equity to the city, driving upward mobility and wealth creation for all residents. Tucson’s businesses in arts, entertainment, accommodation, and food services represent 12% of the metro area’s business—a share that is 6% higher than state and national averages. Retail establishments represent 15% of the metro area’s businesses. This share is 13% on the state level and 14% on the national level.

Tucson will support its small businesses via networking opportunities, executive education, and other resources. Placemaking and programming comprise the software that makes a city lovable, ensuring that residents become engaged in their communities. It is a vital component of quality of place.

ACTIONS

- Scale Tucson’s Small Business Navigators program to deliver in-person service and multilingual support.
- Increase participation in the City’s Legacy Business program and develop specialized support for this class of businesses to include marketing and promotional opportunities as well as business transition and succession planning assistance.
- Manage small business initiatives funded by the American Rescue Plan Act (ARPA), including coordination with community partners for technical assistance programs and the small business revolving loan program.
- Host monthly small business webinar series offering technical assistance, resource connections and capacity-building education.
- Conduct small business trainings to include a focus on access to capital, financial health, and business leadership.
- Provide ongoing updates regarding state and local resources to Tucson’s small businesses.

Partners include Downtown Tucson Partnership, Pima Community College Small Business Development Center (SBDC), SCORE Southern Arizona, Startup Unidos, Tucson Metro Chamber of Commerce, Tucson Hispanic Chamber of Commerce, Fourth Avenue Merchants’ Association, YWCA Southern Arizona, and the Tucson Industrial Development Authority.





PRIORITY 1.3

Execute Tucson's Visual Improvement Program.

By investing in its storefronts—making the retail corridors more inviting—Tucson is supporting small businesses, the downtown, and the resident/visitor experience. The city's grant-funded Visual Improvement Program assists business owners/tenants who seek to renovate or restore their physical establishments. The program will encourage investment in and revitalization of key commercial areas with the goal of increasing the sales and revenue of properties in need.

ACTIONS

- Offer technical and financial assistance to commercial property owners or business tenants who are willing to make exterior façade improvements (signage, lighting, improved public access, and more).
- Market program to eligible participants, with a special focus on businesses and commercial property owners within an area that benefits low- and moderate-income residents.
- Promote and celebrate the program's success and impact.

PRIORITY 1.4

Build the Tucson Legacy Business Program to recognize local businesses with more than 25 years of continuous operation.

Tucson values the role legacy businesses have had in shaping the city's unique identity. The Legacy Business Program honors their longevity and continued success by shining a spotlight on them. Businesses that achieve the 25-year milestone will be recognized with a window sticker, a place in the forthcoming Legacy Business Registry, and priority consideration for the Visual Improvement Program.

ACTIONS

- Create a systematic means for communicating Tucson's legacy business successes—website, blogs, social media, and direct emails.
- Feature legacy businesses on interactive maps and marketing materials to direct traffic and drive sales.
- Prioritize legacy businesses for city initiatives and grant programs.

Partners include Pima County, Tucson Hispanic Chamber of Commerce, Tucson Historic Preservation Foundation, Tucson Metro Chamber of Commerce, the Tucson Industrial Development Authority, and Visit Tucson.



GOAL 2

Attract Investment to Diversify Tucson's Economy.

Economic development is about investing in local businesses, but it's also about attracting investment into the community. New investments are not only essential for building a more resilient economy for the future but also a way to help existing clusters innovate and evolve to remain competitive.

The University of Arizona is an appealing community for investments to be made. Even more impactful, however, is the tremendous advantage Foreign-Owned Enterprises find in Tucson's excellent location: foreign direct investment—particularly from Canada—is significant across the city's industry clusters.

The Evidence

- About a third of Foreign-Owned Enterprises (160 companies) are Canadian-owned, making Canada the largest source of FOEs in Tucson. Other important source countries for FOEs include Japan (56), U.K. (48), France (42), and Mexico (34).
- Tucson's Renewable Energy and Natural Resources Industry cluster is a hotspot for foreign investment. Nearly 1,800 Tucsonans are employed by FOEs operating within this cluster, ranking it first for both total number of jobs and jobs per capita.
- Tucson ranks second for total number of foreign-owned Aerospace and Defense firms and jobs per 100,000 residents, employing more than 1,700 Tucsonans in this cluster.
- Tucson's Bioscience cluster ranks competitively for foreign direct investment as well. Almost 500 of the city's Bioscience workers are employed by Foreign-Owned Enterprises.



Evaluation Metrics

The following metrics should be tracked to assess impact:

- **New Businesses by Cluster**—assessing Tucson's attraction of new businesses within its competitive clusters
- **Jobs Created by Cluster**—tracking cluster development and expansion
- **Site Selectors Engaged**—counting the numbers of site-selectors contacted





PRIORITY 2.1

Execute a lead generation initiative for business expansions and relocations.

With its industry clusters well-defined, Tucson will develop an annual leads program to identify companies and investors who are ideal matches for the city’s economic development priorities. This will involve building a process to trade leads, setting goals and targets, and arranging meetings with key investors and companies in target markets.

ACTIONS

- Strengthen internal processes (staffing, information flow, and packaging) and regional partner strategy for responding to incoming RFPs.
- Identify annual goals by clusters and markets.
- Conduct at least one annual qualified lead generation campaign to meet with companies in key attraction markets and industry sectors.
- Participate with regional and state economic development partners on sales mission trips to target regions.

Partners include Arizona Commerce Authority, Pima County Economic Development, Sun Corridor, Inc., Tucson Electric Power (TEP), and regional municipal economic development teams (Sahuarita, Oro Valley, Marana).

PRIORITY 2.2

Market strategically in Tucson’s target clusters.

Tucson will create marketing strategies to promote investment in target clusters. Working alongside partners within each cluster, the city will develop marketing messages that highlight the cluster’s strengths and advantages and call attention to investment opportunities. The strategies should be based on the needs of the industry clusters. And the promotional materials, websites, and even city policies should all reflect a unified vision.

ACTIONS

- Develop marketing and attraction materials—print, presentation, electronic formats—around industry clusters.
- Equip regional and state partners with marketing materials that effectively represent Tucson’s targeted economic development priorities.
- Attend industry trade shows for Tucson’s target sectors: BIO, SPIE (Photonics/Optics), MineXchange, and others.

Partners include Arizona Commerce Authority, Arizona Technology Council/Optics Valley, Pima County Economic Development, Sun Corridor, Inc., and Tucson Electric Power.

PRIORITY 2.3

Develop an international trade initiative with a focus on Canada and Mexico.

Tucson’s quality of place and destination appeal to C-suite decisionmakers. The city offers economic development opportunities that attract new HQs—especially international firms in Canada and Mexico that are looking to expand operations. Canada is Tucson’s largest source of origin for Foreign-Owned Enterprises, representing a third of all businesses; Mexican-owned businesses account for 7%.

ACTIONS

- Identify and develop relationships with business leaders and economic development partners in Canada and Mexico to promote international trade and supply chain development.
- Use FDI assessment to guide lead generation activities, marketing efforts, and sales missions.
- Collaborate with regional partners to expand “soft landing” resources for successful attraction projects.

Partners include Arizona-Mexico Commission, Arizona Trade Offices in Mexico Asociación de Empresarios Mexicanos en el Exterior (AEM), Canada-Arizona Business Council; International Consular offices (U.S., Mexico, Canada); Global Chamber of Commerce; Red Global de Mexicanos en el Exterior, Tucson Hispanic Chamber of Commerce, and Visit Tucson.

PRIORITY 2.4

Execute a site-selector engagement strategy.

Tucson’s business attraction plan should include a site-selection strategy that emphasizes local investment opportunities. Site selection is an important aspect of economic development and city-partner relations. Site selectors, especially those conducting searches for global headquarters and knowledge-based industries, have enormous influence on short-listing and finalizing location. As such, Tucson must prioritize the building of relationships with this target audience. And the city must continue to engage with regional partners to ensure all are working together to build leads and represent the community.

ACTIONS

- Attend regional, statewide, and national commercial development trade shows to increase exposure for Tucson’s business attraction efforts: CoreNet Global, NAIOP, Site Selectors Guild, ULI, ICSC, Select USA, Economix, MPA, CREW, and more.
- Host site selector networking conferences and familiarization tours in Tucson.
- Build a target site selection list and develop bi-annual community outreach.





PRIORITY 2.5

Utilize Tucson's incentive programs to attract capital and development.

Tucson has an array of incentive programs to drive investment into the city and, ultimately, create jobs. The Primary Jobs Incentive, for example, provides construction sales tax reimbursement for qualifying expenses. And the Government Property Lease Excise Tax (GPLET) can temporarily relieve property owners of tax obligations. Issuing Private Activity Bonds through the Tucson Industrial Development Authority dramatically reduces the cost of financing large projects for developers and financiers while directly supporting the City's wealth fund, with no risk to taxpayers. The city must continually evaluate these and other financial incentive programs (Global Economic Development District Incentive Program, Site-Specific Sales Tax Incentive, and more) to measure impact.

ACTIONS

- Coordinate City of Tucson financial incentive programs to ensure they are delivering the expected results.
- Evaluate programs for impact and policy enhancements.
- Support the expansion of innovative financing programs and tools, specifically designed to improve access to federal incentives, such as New Market Tax Credits through a certified CDE, Brownfield redevelopment, Opportunity Zones, and other programs.

Partners include Rio Nuevo, the Tucson Industrial Development Authority, and Sun Corridor, Inc.

PRIORITY 2.6

Execute and create an annexation and site-development strategy.

To maximize the development of future commercial and industrial projects, the city must keep a pipeline of developable land at the ready. Annexation plans and commitments should be monitored routinely to ensure they support economic development efforts.

ACTIONS

- Develop an updated annexation strategic plan and manage annexation efforts, including tracking commitments and monitoring progress.
- Strengthen relationships with Arizona State Land Department and large private landowners to facilitate future annexation and develop a pipeline of developable sites for commercial and industrial attraction projects.
- Explore adaptive reuse and development of historic or under-utilized public commercial property in partnership with community partners for mixed-use retail development.

Partners include Arizona State Land Department, Pima County, Tucson Airport Authority, the Tucson Industrial Development Authority, and Sun Corridor, Inc.



GOAL 3

Bolster Tucson's Entrepreneurial Ecosystem.

The competitiveness and vitality of a city's economy are centered around fostering innovation and new ideas. Tucson must provide the resources that support this approach. Building new partnerships will enable the city to take on fresh, big ideas. And celebrating the successes of Tucson's doers and changemakers will reinforce the value of these efforts and inspire even more entrepreneurship.



The Evidence

- The Tucson MSA posted a patent rate of 16.6 patents per 10,000 workers in 2019. This was one-and-a-half times the national rate of 11.0 patents per 10,000 workers and nearly double the state and the Phoenix MSA rates of 9.8 and 9.5, respectively.
- Between 2000 and 2007, the rate of patents per 10,000 workers in the Tucson metro area tracked closely with state and national trends. Since 2007, however, the number of patents per 10,000 workers has nearly doubled in Tucson. The state and nation posted increases of 63.3% and 96.4%, respectively, between 2008 and 2019. Tucson MSA's rate remains high above the state and national rates.

Evaluation Metrics

The following metrics should be tracked to assess impact:

- **Venture Capital**—collaborating with regional partners to track venture capital invested in Tucson enterprises
- **Firm Formation**—enhancing internal processes to track business formation in the city
- **Entrepreneurs**—tracking the number of entrepreneurs participating in available startup initiatives provided by Tucson and its partners





PRIORITY 3.1

Grow collaborations to help scale innovative start-ups.

A comprehensive approach is needed to build and scale Tucson's entrepreneurial ecosystem. Together with its partners, the city can build networks that help startups connect with investors and customers and find the resources they need to grow. To ensure economic vitality and resiliency, Tucson should focus on supporting startups in key industries and clusters. Partnering with "Startup Tucson" will provide the city with a collaborative effort that supports scalable enterprises within these target sectors.

ACTIONS

- Expand participation in Tucson's startup and entrepreneurial organizations and events.
- Support TENWEST Impact Festival and other pitch competitions and startup networking events.
- Build relationships with venture capital organizations within Arizona and outside the state (especially in California and New York).
- Partner with University of Arizona to promote the city as a place for innovation in events such as SXSW and other regional and national conferences.
- Improve, in partnership with economic development and business support partners, the startup ecosystem guide, outlining Tucson's resources for entrepreneurs.
- Leverage national and state funding tools, such as the State Small Business Credit Initiative, to bolster and expand local financing.

Partners include Community Investment Corporation, CPLC/Prestamos, La Caridad Community Food Bank, Local First Arizona, Garden Kitchen Cooperative, Growth Partners AZ, Lead Local, National Association of Women Business Owners (NAWBO), SCORE Southern Arizona, Small Business Development Center, Startup Tucson, Startup Unidos, Tech Launch AZ, Tech Parks Arizona/University of Arizona Center for Innovation (UACI), Tucson Industrial Development Authority, Tucson Rainwater Harvesting Co-op, The Tucson Industrial Development Authority, Pima Community College Small Business Development Center (SBDC), and YWCA Southern Arizona.

PRIORITY 3.2

Lead the Southern Arizona Coalition for Climate Adaptation & Resilience to support climate resiliency, competitiveness, and innovation.

Tucson was one of 60 Phase I finalists in the U.S. Economic Development Administration’s “Build Back Better Regional Challenge.” to the City led a regional partnership and strategy for developing industry-sector growth. By identifying a cluster “to drive sustainable agriculture, preserve water resources, and develop clean energy,” Tucson was awarded \$500,000. The city will now put that money and momentum toward fulfilling on the projects outlined in the Phase II proposal.

ACTIONS

- Convene the Southern Arizona Coalition for Climate Adaptation and Resilience to promote the regional growth cluster in agriculture, natural resources, and clean energy.

Partners include Arizona Western College, Community Investment Corporation, Greater Yuma Economic Development Council, Pima Community College, Startup Tucson, and the University of Arizona, University of Arizona Center for Innovation, Community Food Bank of Southern Arizona, YWCA, Yuma Crossing National Heritage Area, Santa Cruz Valley Heritage Alliance.

PRIORITY 3.3

Celebrate and promote Tucson’s cultural entrepreneurship and entrepreneurs of color.

Thriving communities celebrate their businesses—and Tucson has much to celebrate. The city boasts great diversity among the entrepreneurs and innovative start-ups that have found success here. Tucson and its economic development partners should shout this from the rooftops. By showcasing businesses of all sectors, types, and sizes, the city will entice a new array of enterprises and entrepreneurs. This approach influences people’s motivation for contributing to economic development and changes their understanding of what is possible.

ACTIONS

- Develop a systematic approach to identify diverse enterprises and startups in Tucson.
- Widely promote Tucson’s successes across multiple communication platforms.
- Support and promote programs that create access to capital for minority owned businesses.

Partners include Startup Tucson, Sun Corridor, Tech Parks Arizona, Chicanos Por La Causa (CPLC), Community Investment Corporation, the Tucson Industrial Development Authority, Business Development Finance Corporation and Tucson Metro Chamber of Commerce.





GOAL 4

Support Economic Mobility and Wealth Creation for all Tucsonans.

Tucson is an innovative economy with cutting-edge technology sectors and a big anchor in the University of Arizona. But while a tech-based economy brings jobs and revenue, it can also overshadow the city's equity goals. Tucson is committed to creating an economy that's not only innovative but that also offers opportunities for all residents. Mindful strategies are needed to ensure equity remains front and center in the city's economic development efforts. Tucson and its partners must continue to provide the appropriate support, training, and onramp programs to ensure city services are accessible.

The Evidence

- More than 2 in 10 Tucson city residents live below poverty level (23%); this is down from 25% in 2014. Men in the Tucson MSA earn, on average, \$9,000 more than women; this wage gap is \$1,300 less than the national gender wage gap and comparable with that of the state. The wage gap in the city is significantly smaller (\$4,700).
- Income inequality in Tucson is lower than the national average. It is stable in the MSA (since 2014) and comparable with the state average. It is lower in the city and has decreased since 2014.
- Almost 10% of Tucson's population are veterans; the national average is 7%.
- Almost 31% of Tucson's population are 18 to 34 years of age (the national average is 30%) but have a relatively high poverty rate among the benchmarks. The poverty in the MSA is lower at 17% but still 11% higher than the state average.
- Median household income in the city is \$43,425; this is 31% lower than the national average. It is around \$10,000 higher in the MSA at \$53,379.
- The investment in Pima Community College's Centers for Excellence (capabilities in an array of workforce development training opportunities: aviation, advanced manufacturing, healthcare, technologies, and more) is the largest single workforce development investment in Tucson in decades with more than \$100 million investment in the past five years.



Evaluation Metrics

The following metrics should be tracked to assess impact:

- **Onramp Participation**—counting the number of participants in city-led or city-sponsored workforce and skill programs
- **Per Capita Income**—tracking income levels in the city
- **Educational Attainment**—measuring Tucson's educational attainment levels





PRIORITY 4.1

Grow Tucson's career pathways for youth and veterans.

As part of the American Rescue Plan, Tucson received grant dollars to develop training and career pathway programs for youth and veterans. The city will continue to grow and scale these programs. Doing so is a key element of Tucson's plan to become a more equitable city: ensuring pipelines so that all Tucson residents have opportunities and can achieve upward mobility.

ACTIONS

- Manage American Rescue Plan Act (ARPA)-funded Workforce Development programs.
- Evaluate and promote the program's success and impact.
- Partner with school districts to enhance participation in these programs.
- Partner with Pima County to develop a strategy to invest in workforce development.

Partners include Arizona Department of Veteran Services, American Legion, Goodwill, JobPath, Joint Technical Education District (JTED), Kino Veterans Workforce Center, National League of Cities, Pima Community College, Pima County One Stop/AZ@Work, Pipeline AZ, PPEP, Inc. (Portable, Practical Educational Preparation), Southern Arizona Manufacturing Partnership (SAMP), K-12 school districts, Tucson Veterans Serving Veterans, Veterans Business Outreach Center and University of Arizona.

PRIORITY 4.2

Scale equitable skill training for Tucson's export industries.

Tucson has intensive skill sectors—photonics, optics, aerospace, and life sciences, among them—that require specialized training. The city must bring industry and workforce providers together to develop onramps to these sectors and the career opportunities they offer. Pima Community College's Centers for Excellence provide a platform advancing industry-driven workforce development in Tucson. These Centers offer comprehensive support services to employers and workers alike, helping to meet real-time training needs that cater to the specific needs of Tucson's export sectors. Working with its Pima Community College and its other workforce partners, the City of Tucson will continue to help to facilitate and support this type of engagement so that more residents have access to these opportunities.

ACTIONS

- Explore, in collaboration with partners, new and expanded training offerings tied to target export clusters: certificates, badging, and executive education. Pima Community College's Centers for Excellence are natural venues for scaling those efforts.

Partners include EXIM Bank, Minority Business Development Agency, Tucson Metro Chamber, and the U.S. Commercial Service.





PRIORITY 4.3

Explore opportunities for a local purchasing and supplier diversity program.

Tucson's large-scale companies and anchors can help to catalyze entrepreneurial growth in Tucson by purchasing goods and services locally. On the flip side, Tucson's small businesses, if given the opportunity and necessary resources and training, can serve as qualified suppliers to the City's major employers. Tucson should explore best practices and approaches for creating a city-wide local purchasing and supplier diversity initiative.

ACTIONS

- Explore best practices for local purchasing initiatives across the country.
- Convene a working group of major employers to understand and quantify local purchasing opportunities.
- Facilitate implementation of a local purchasing and supplier diversity initiative pilot program.

Partners include the National League of Cities and major employers.

PRIORITY 4.4

Invest community resources in areas where they are needed most.

Tucson is committed to revitalizing areas of the city that have experienced disinvestment and create commercial corridors where everyone has access to opportunities that help them thrive. Tucson can build on the success of current and prior initiatives by exporting the programs and engagement models to other corridors in the city that are in need of redevelopment and investment.

ACTIONS

- Continue partnership with Pima Community College, Arizona State University School of Social Work and others to support the ongoing THRIVE in the 05 initiative and other revitalization/thrive zones.
- Conduct business and commercial neighborhood forums for targeted commercial corridors to better understand business and community needs.

Partners include City of Tucson Housing and Community Development Department (HCD), Pima Community College, ASU School of Social Work, Tucson Clean and Beautiful, and various neighborhood groups and local merchants' associations.

PRIORITY 4.5

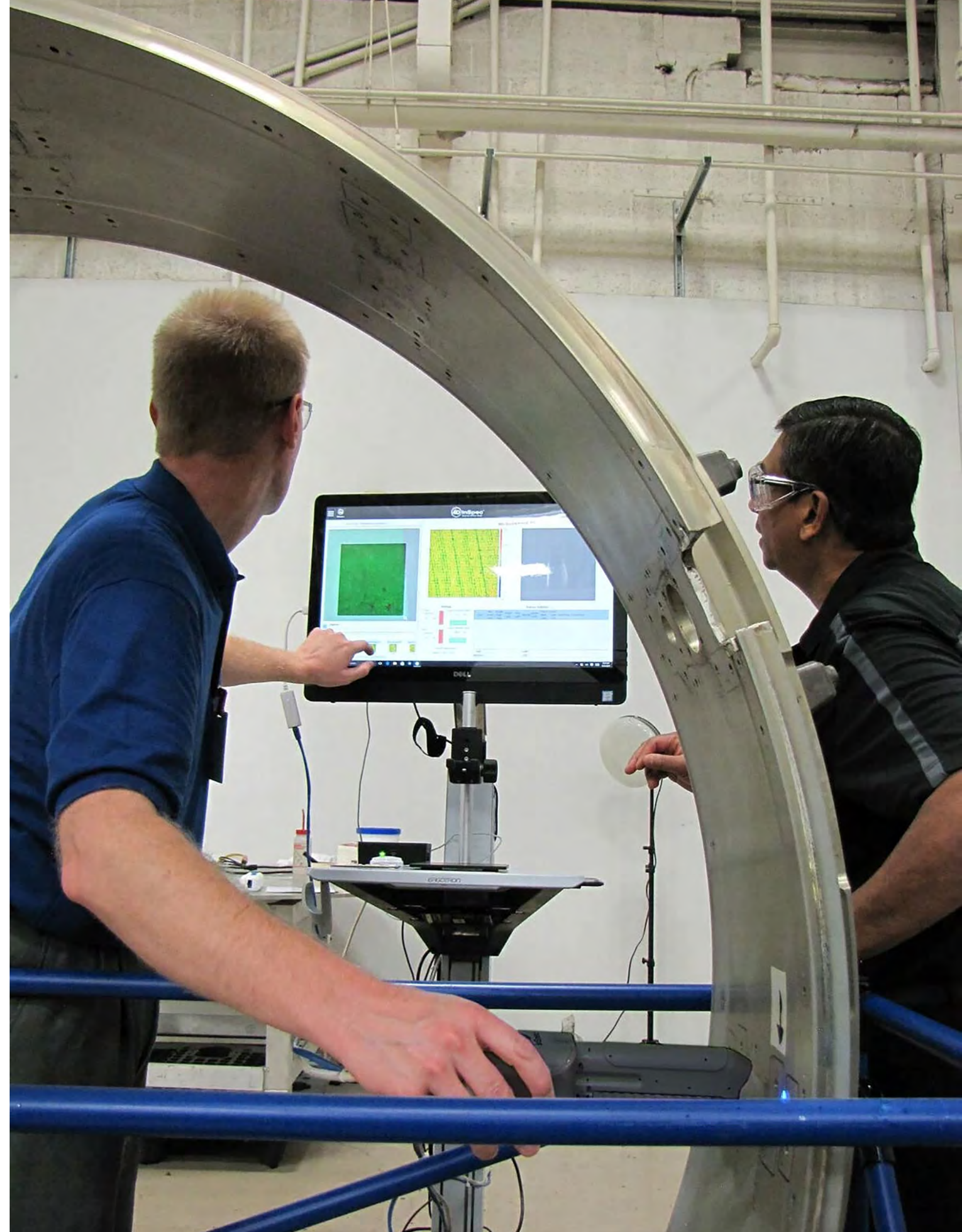
Support workforce development initiatives and programs.

Tucson is committed to connecting its residents to opportunities for economic upward mobility. The city will continue to support an array of workforce development programs, providers, and initiatives—from skills training and networking to mentoring and other wraparound services.

ACTIONS

- Manage the City's Economic and Workforce Development Grant program, responding to Tucson's workforce and training needs.
- In partnership with Tucson Metro Chamber Workforce Blueprint, assist in recognizing local employers that make an investment in their employees.
- Continue support of the AZ Stitch Lab workforce accelerator.

Partners include ARIZONA@WORK, Pima County One Stop, Center for the Future of Arizona, Pima Community College, Pima County, Pima County Workforce Investment Board, Southern Arizona Manufacturing Partnership (SAMP), Tucson Metro Chamber of Commerce, University of Arizona and Women's Tech Council (SheTech) and local school districts (K-12).





GOAL 5

Enhance Tucson's Brand for Investment, Capital, and Talent.

A successful economic development strategy includes community promotion. This involves creating a brand identity that attracts business, capital investment, talent, and new residents. Tucson's brand should celebrate its distinctive heritage, culture, and quality of place. It should reveal itself as a land of opportunity for all: a one-of-a-kind place to live, work, and grow. By crafting an identity that promotes its uniqueness, Tucson can convince prospective businesses and talent that Tucson is where they want to be.

The Evidence

- Branding helps communities, cities, and destinations distill and articulate their unique strategic positioning and differentiating characteristics. A strong brand will help Tucson compete in the global marketplace. Promoting unique characteristics is important to attracting investment, people, and capital to Tucson.
- A well-articulated place-branding strategy strengthens a community's sense of place because it aligns the language and messages created for and by businesses, community, and visitors.
- In its natural environment and outdoor activities, Tucson has important strengths to promote.
- Tucson offers an exceptional quality of life. The city features an excellent walkable and bikeable environment as well as an abundance of tourism amenities and experiences.



Evaluation Metrics

The following metrics should be tracked to assess impact:

- **Unique Visitors**—measuring interest in Tucson's Economic Development Website
- **Social Media Engagement**—tracking interest in Tucson as a destination to live, work, and visit





PRIORITY 5.1

Grow and support Tucson's national brand and marketing program.

Tucson knows its brand and communicates it well. The city's national marketing platforms, campaigns, and social media efforts thus far have been successful. Moving forward, it will be important to continue and grow these efforts, regularly refining them to reflect ongoing changes and promote new economic successes.

ACTIONS

- Continue investments in marketing Tucson, including coordination of national ad campaigns in targeted site selection publications and social media efforts with an enhanced digital focus.
- Annually refresh Tucson's marketing collateral, both digital and print, to reflect the changing dynamics in the city's economy.
- Continue to provide sponsorship and support for the "Remote Tucson" campaign to attract skilled talent to Tucson.

Partners include Pima County Economic Development, Sun Corridor, Inc., Tucson Electric Power (TEP), Startup Tucson, Tucson Young Professionals, and Visit Tucson.

PRIORITY 5.2

Implement a communications plan to engage Tucson's key stakeholders: business leaders, policymakers, and partners.

The players in an economic development plan are diverse and engaging all of them can be challenging. Tucson needs to develop a comprehensive communications strategy that reaches everyone, from business owners and talent to policymakers and community members. By including Tucson's economic development successes in these communications, the city will help stakeholders understand how and why the impact of economic growth matters to so many throughout the community.

ACTIONS

- Develop and execute quarterly email newsletters to Tucson's business, economic development, and community partners.
- Offer briefings and updates to association and chamber partners about the city's economic development efforts.
- Create an annual report that celebrates Tucson's economic development successes.

Partners include Arizona Association for Economic Development, Southern Arizona Home Builders Alliance (SAHBA), Southern Arizona Leadership Council (SALC), and various local commercial real estate and development organizations and firms.

PRIORITY 5.3

Invest in special events, partnerships, and placemaking initiatives to promote Tucson's appeal.

Placemaking and programming efforts capitalize on Tucson's strengths to reinforce the connection between people and the places they share. These efforts focus on the city's unique historical and cultural identities, creating a place of pride where residents are engaged in their community. It is the software of the city and a very important part of quality of place.

ACTIONS

- Administer the special events grant program, investing in initiatives that improve Tucson's quality of place.
- Manage American Rescue Plan Act (ARPA)-funded arts and culture grant programs.
- Continue partnership with Visit Tucson to promote the city as a destination for a diverse array of visitors.

Partners include Pima County and Visit Tucson.





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